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C O N F I D E N T I A L SECTION 01 OF 03 NICOSIA 000209

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DEPARTMENT FOR EUR/SE

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SUBJECT: DIKO: NEW LEADERSHIP, OLD THINK

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Classified By: Ambassador Ronald Schlicher, Reasons 1.4 (b), (d)

11. (SBU) SUMMARY: Of Cyprus's Big Four political parties, only DIKO saw its vote haul increase in the most recent elections (December 2006). A confident DIKO President Marios Karoyian attributes the success to a reorganization effort he initiated upon taking office in October. The party's message had always resonated with the Cypriot population, Karoyian informed the Ambassador March 6, but its top-down decision making and cumbersome hierarchy had hindered connections with the electorate. With new blood and a cleaner organizational chart, he predicted greater DIKO victories in coming years, starting with the 2008 presidential elections. Karoyian vigorously defended former party leader and current RoC President Tassos Papadopoulos -- "by no means the hard-liner the opposition denigrates." The President remained committed to reunification and determined to better the lot of Turkish Cypriots, he insisted. Turning to the Cyprus Problem, Karoyian agreed with the Ambassador that the July 8 process must soon deliver progress, lest both sides and the international community lose interest. While the Greek Cypriot side was determined to deal, Karoyian believed Turkey, the real power north of the Green Line, was not. The latest issue dividing the communities, Turkish Cypriots' insistence on direct trade, had political, not economic motivations, and thus would prove a disincentive to reunification, he concluded. END SUMMARY.

New Bodies, New Ideas, Better Results

12. (U) A worsening in his father's medical condition had forced Karoyian to postpone the call a week. Despite that concern -- and Karoyian's imminent check-in to a stop-smoking clinic in Limassol -- the DIKO leader radiated calm and confidence (and various kinds of smoke) throughout the meeting. He claimed he had succeeded in revamping DIKO's organizational chart in less than five months in office. "Reorganization of the party was my top priority," he explained. Karoyian's new lieutenants held functional, not regional responsibilities, allowing better performance through specialization. All would focus on strengthening DIKO's appeal to Cypriot youth, however, the key to growing the party. The new blood and energized bureaucracy would ensure that DIKO's message, always palatable to Cypriot rank-and-file, would reach and influence voters.

13. (SBU) On his watch DIKO had become more democratic and less dogmatic. While he would strive to present a unified party voice externally, Karoyian opposed efforts to stifle internal debate. Recent comments by DIKO member and current

EU Health Commissioner Markos Kyprianou, seemingly disparaging Papadopoulos's handling of the Cyprus Problem, caused Karoyian little heartburn, for example. "Kyprianou's not a member of the executive committee," he argued, "and he did not intend to criticize the President." Rather, the EU Commissioner had sought only to impress that solving the CyProb was not Brussels's sole raison d'etre.

He Loves Turkish Cypriots. He Really, Really Does

¶4. (SBU) Despite declining to comment on the widely-held expectation that Papadopoulos would stand for re-election, Karoyian defended the President in the mode of a campaign spin-doctor. "This man is not the hard-liner his enemies claim," he contended. In the run-up to the Annan Plan referenda, for example, just after winning election in 2003, Papadopoulos sought limited changes that would ensure the plan's workability. But Turkish Cypriots drew immediate redlines, Karoyian insisted, and succeeded in painting the President the intransigent party.

¶5. (SBU) Papadopoulos hoped to leave a "reformer" legacy, the DIKO chief avowed. Yet the President felt boxed-in -- opposition DISY and the international community criticized his every CyProb move. There was actually a positive story to tell vis-a-vis rapprochement efforts; under Papadopoulos, T/Cs had obtained the "right" to work in the government-controlled areas, to acquire RoC passports, and to secure free medical care unavailable to most Greek Cypriots. Even Turkey was enjoying Papadopoulos's largesse, since twice the RoC had kept holstered its EU accession veto, bucking public demand. Why, then, his hard-line reputation?

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Stalled Process Benefits No One

¶6. (SBU) Turning to the Gambari Process negotiations, the Ambassador emphasized the same points he earlier had made with party leaders Nikos Anastassiades (DISY), Dimitris Cristofias (AKEL), and Yiannakis Omirou (EDEK): every party to the conflict required and benefited from movement on the local talks, albeit for different reasons. Claims that progress was impossible due to coming elections in Cyprus, Greece and Turkey were bunk, he stressed, and creative thinking was needed. Karoyian agreed 2007 could not become a lost year. "We don't want a solution in 15 or 20 years time," he insisted, "but in 2008." Greek Cypriot negotiator Tasos Tzionis soon would unveil a proposal designed to overcome the Gambari Process impasse, Karoyian promised. What the process required now was flexibility from the Turkish Cypriot side.

¶7. (C) He doubted they would demonstrate such give. Echoing a G/C refrain, Karoyian claimed Ankara's Deep State, not "TRNC President" Mehmet Ali Talat or his representatives, dictated T/C negotiating positions. "The Cyprus Problem is not a conflict between Greek and Turkish Cypriots," he maintained, alluding to Turkey proper. "WE can live together as brothers." In response, the Ambassador suggested a strategy that differentiated between Talat and Turkey. Bad-mouthing the T/C leader at every opportunity, which Greek Cypriot leaders were wont to do, would harden Talat's own line, however, and force him to seek support from T/C nationalists and the Turkish military.

¶8. (C) Karoyian cautioned against a stepped-up USG role in solving the Cyprus Problem -- though the Ambassador had suggested none. "Unfortunately, your image here is not good," the DIKO leader pronounced. While all nations were free to pursue their interests, those of the United States and Cyprus did not coincide, he thought. A support role

pushing the parties to make progress on the UN track seemed the better play. America's interest lay in reuniting Cyprus, the Ambassador countered. He pointedly left aside the question of what part the USG might play in future initiatives, however.

Trade for Trade's Sake, Only

¶9. (C) Returning to his "Papadopoulos the Uniter" campaign, Karoyian claimed the President supported efforts aimed at improving Turkish Cypriots' standard of living. "Why wouldn't he?" he questioned -- efforts undertaken to buoy the T/C economy now, not later, might shave \$4 billion from the total cost of reconstruction. T/Cs were RoC citizens, Karoyian asserted. Commerce between them and the European Union should be encouraged, not thwarted. Yet the T/C's fight for an EU regulation allowing trade through Famagusta port had political, not economic underpinnings. For these reasons, Karoyian continued, the T/Cs sought to prevent their own businessmen from making deals using Limassol and Larnaca ports in the government-controlled area.

¶10. (SBU) Upgrading the pseudo-state remained the "TRNC's" primary objective, and opening Famagusta represented a concrete milestone, Karoyian reasoned. There was no compelling commercial reason to open another port; more modern facilities like Limassol and Larnaca already were money-losers. Further, he doubted that reputable shipping lines would seek to do business in Famagusta. RoC officials would continue to fight in Brussels against action they deemed injurious to Cypriot sovereignty, Karoyian concluded.

COMMENT

¶11. (C) Marios Karoyian personifies DIKO's "new guard" and recent reinvigoration. Impressive for his work ethic and political astuteness, the half Armenian, half Maronite Cypriot possesses tremendous ambition as well, although a run for the RoC presidency seems a way off. Not surprisingly, he has focused on buttressing DIKO internally and increasing the party's voter base, with notable success so far. Regarding the Cyprus Problem, the Ambassador's visit shows there is little light between the hard-line positions of Karoyian and predecessor Papadopoulos. Their shared ideology underpins this concordance, of course, but so do Karoyian's political

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aspirations, since no one rises in DIKO by bucking the boss's line. END COMMENT.
SCHLICHER